

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT DAYTON**

NCR CORPORATION,

Plaintiff,

-v-

DIANE WARNER,

Defendant.

Case No. 3:08-CV-074

Judge Thomas M. Rose

**ENTRY AND ORDER GRANTING IN PART NCR'S REQUEST FOR A
PRELIMINARY INJUNCTION PENDING ARBITRATION (Doc. #1) AND
TERMINATING THIS CASE**

Plaintiff NCR Corporation ("NCR") seeks a Preliminary Injunction Pending Arbitration of its dispute with Defendant Diane Warner ("Warner"). NCR seeks to enjoin Warner from breaching certain customer non-solicitation and non-compete provisions of several agreements which Warner entered during her employment with NCR and from misappropriating, using and disclosing NCR trade secrets and confidential information.

I. PROCEDURAL BACKGROUND

NCR's Complaint was filed on March 4, 2008. (Doc. #2.) NCR submitted a Motion for a Temporary Restraining Order ("TRO") at the same time. (Doc. #3.) The Court then conducted a hearing on the TRO Motion.

A TRO was entered on March 7, 2008. (Doc. #12.) The TRO included terms that both Parties agreed to and some terms that were disputed. A Preliminary Injunction hearing was set for March 13, 2008.

On March 13, 2008, the Court entered an Agreed Order continuing the Preliminary

Injunction Hearing until March 24, 2008. Also, the TRO was extended until the Court issues a ruling on NCR's request for a Preliminary Injunction Pending Arbitration. (Doc. #19.)

On March 24 and 25, 2008, the Court conducted a hearing (the "Hearing") on NCR's request for a Preliminary Injunction Pending Arbitration. During the Hearing, the Court heard argument from counsel for both parties and witness testimony. Following the Hearing, both Parties submitted Post-Hearing Briefs, Reply Briefs and Proposed Findings of Fact and Conclusions of Law. (Docs. # 28, 29, 31, 32, 33.) NCR's request for a Preliminary Injunction Pending Arbitration is, therefore, ripe for decision.

II. RELEVANT FACTUAL BACKGROUND

This decision embodies the Court's findings of fact and conclusions of law as required by Fed. R. Civ. P. 52. The factual findings are based upon the testimony and exhibits admitted into evidence and the credibility and demeanor of the witnesses. The Court's findings of fact are included in the factual background and in the analysis of the request for a Preliminary Injunction Pending Arbitration.

A. NCR

NCR is a global technology company that sells information technology solutions including automated teller machines ("ATMs"), retail point-of-sale ("POS") workstations, self check-in and check-out systems and other kiosk operations to, among others, the financial services industry. (Preliminary Injunction Hearing Transcript ("Tr.") 44-48 Mar. 24-25, 2008.) The financial services industry is a significant source of revenue for NCR, and NCR believes that this industry will be a significant source of revenue in the future. (Tr. 44-48; Defendant's Exhibit ("DX") 22.)

NCR sells a wide variety of software and information technology services to the financial services industry. (Tr. 45-48, 67-69, 107-109, 144-146.) For example, NCR's ATM products allow customers to obtain cash or conduct other financial transactions. (Id.) However, NCR's ATMs and kiosks do not stand alone and are highly integrated with customers' networking infrastructure. (Tr. 47-48.) NCR supplies the services necessary to accomplish the integration which may include outsourcing of the integration work. (Tr. 45-48, 67-69, 107-109, 144-146.)

B. Warner At NCR

Warner first began working for NCR in 1986 as a Senior Sales Education Trainer. (Tr. 429-33, DX 25.) She left NCR in 1988 for about six months and again in 1999 until 2001. (Id.) In January of 2001, Warner returned to NCR as a Solutions Sales Director. (Id.)

As a Solutions Sales Director, Warner focused on selling NCR's ATM-related products, services and solutions to banking clients throughout the South. (Tr. 277-278; DX 13, 15, 38.) Among other accomplishments, she significantly increased NCR's market shares and orders from many banks, including Wachovia. (DX 15, 16, 38; Plaintiff's Exhibit ("PX") 45, 48, 67.)

On January 1, 2006, NCR promoted Warner to Account Director for Wachovia, SunTrust and U.S. Bank. (Tr. 277-278.) She became wholly responsible for the day-to-day relationship between NCR and these customers. (Tr. 48-50; PX 34.) She was also responsible for selling NCR's ATM products, services and software to these customers. (Tr. 156-171, 434.)

Under Warner's leadership, NCR sold Wachovia almost \$20 million of products and services in 2006. (Verified Compl. ¶ 21; DX 16.) NCR believes that Wachovia has "huge" upside potential for further sales into the future. (Tr. 240, PX 45.)

While working as NCR's Account Director, Warner's primary contact at Wachovia was

Susan Symons (“Symons”). (Tr. 278, 441-442.) She also worked with Pam Jacobs (“Jacobs”) a.k.a. Pam Yavorka at Wachovia. (Id.) Symons was the Manager of ATM Operations for Wachovia and Jacobs worked in ATM Operations. (Id.)

In late August 2006, NCR promoted Warner to the position of Vice President of Business Development. (Tr. 109, 434-35.) Mark Leinenkugel assumed Warner’s previous duties as Account Director for Wachovia, SunTrust and U.S. Bank. (Tr. 41.)

As Vice President of Business Development, Warner targeted about thirty (30) competitive accounts that did not buy from NCR or that were current customers with large upside opportunities for additional purchases. (Tr. 456-459.) In this assignment, she prospected for new customers including selling kiosks, ticket-in-ticket-out devices, point-of-sale devices and services related to the installation and maintenance of these devices. (Tr. 109-112, 436-438; PX 44, 61.) Her new responsibilities included a particular focus on developing opportunities for NCR solutions in the gaming industry. (Id.)

During 2007, Warner again worked with Wachovia. In March 2007, Warner met with key Wachovia decision makers concerning an NCR proposal. (Tr. 62-66; PX 77, 78.) During those discussions, Warner discussed future opportunities in 2008 for NCR at Wachovia. (Id.)

C. NCR’s Employment Agreements

NCR specifically discusses three agreements that were signed by Warner as the basis for its request for a Preliminary Injunction Pending Arbitration. The first is a confidentiality agreement.

NCR requires all employees who will have access to NCR’s trade secrets and confidential information to sign a confidentiality agreement. On January 22, 2001, Warner

signed the “NCR Employment Agreement.” (Verified Compl. Ex. 3.) The NCR Employment Agreement signed by Warner provides, in part, that she agrees:

7. To retain strictly confidential, both during and after my employment, i) any information of NCR not otherwise readily available to the general public; and ii) any information of a third party which NCR is under obligation to safeguard.

8. That upon termination of my employment, I will surrender to NCR all material which I then possess or have under my control which relate in any way to the business or activities of NCR, or which were developed during company time or with or on company property, and that I will not destroy, retain, transfer or copy any such material.

The second agreement upon which NCR relies is the 2007 Performance Based Restricted Stock Unit Agreement. (Verified Compl. Ex. 2.) In the 2007 Performance Based Restricted Stock Unit Agreement, Warner agreed that:

10. In exchange for the Stock Units, you agree that during your employment with NCR and for a period of twelve (12) months after the termination of employment... you will not, without the prior written consent of the Chief Executive Officer of NCR, (1) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section 10) to the extent that such services or employment involves the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers and upon which you worked or in which you participated during the last two (2) years of your NCR employment; (2) directly or indirectly recruit, hire, solicit or induce, any exempt employee of NCR to terminate his or her employment with or otherwise cease his or her relationship with NCR; or (3) solicit the business of any firm or company with which you worked during the preceding two (2) years while employed by NCR, including customers of NCR....

Warner also agreed to similar provisions in other NCR Stock Option/Stock Incentive Plans.

(Verified Compl. § 28.) The “Competing Organization” list reference in Section 10 includes HP. (PX 5, 83.)

Finally, when Warner terminated her employment with NCR, she entered into a

termination agreement. (Verified Compl. Ex. 7.) The termination agreement provides, in part:

This is to further advise you that you have a continuing legal obligation not to use or disclose, nor to directly or indirectly aid others in using or disclosing any of the information or data proprietary to NCR which you have learned in the course of your employment with NCR.

This termination agreement was signed by Warner on January 14, 2008. (Id.)

D. Warner's Departure From NCR

In August of 2007, Jim Ditmore ("Ditmore"), the Chief Technology Officer at Wachovia, contacted Judy Coughlin ("Coughlin"), the Sales Director of Financial Services at Hewlett Packard ("HP"). (Tr. 263, 271, 337-338.) Ditmore requested that one of HP's Enterprise Account Managers ("EAMs") be taken off of HP's Wachovia account. (Id.) He also expressed a desire to be involved in hiring the new EAM including meeting potential candidates and final hiring approval. (Id.)

Coughlin removed the incumbent EAM and contacted Warner to see if Warner was interested in a position at HP. (Tr. 255-58, 269, 339.) In November of 2007, Coughlin and Warner met to discuss the potential job opportunity. (Id.) Warner was interested. (Id.) Coughlin continued to narrow the list of potential candidates and Warner remained one of the most qualified. (Id.)

In late November of 2007, Warner met with Ditmore. (Tr. 283, 442.) During this meeting, Warner and Ditmore discussed the EAM position and the types of products and services that HP provided to Wachovia. (Id.) Warner also met with Marvin Davis, Wachovia's Chief Information Officer, to discuss the EAM position. (Tr. 287.) HP asked Wachovia to keep Warner's name secret during the course of these interviews because she was still working for NCR, a competitor. (Tr. 269-70, PX 16.)

Warner talked to Symons about the HP job opportunity and asked Symons to put in a good word with Jim Spicer, an information technology officer at Wachovia. (Tr. 287-90; PX 18.) She also asked Jon Witter of HP to contact Ditmore and provide Ditmore with a reference as to her skills. (Id.)

On or about December 6, 2007, Warner was offered the EAM position at HP. (Tr. 276, 344-45.) She accepted on December 11, 2007. (Tr. 277.)

Warner's last day of employment with NCR was January 14, 2008. On December 26, 2007, after accepting the EAM position at HP, Warner connected an external hard drive to her NCR computer and downloaded approximately 3,000 files from the NCR computer to the external hard drive. (Tr. 196, 207, 290-91; PX 66.) Between January 13 and 14, 2008, Warner also connected various thumb drives to her NCR computer and downloaded hundreds of files from the computer to the thumb drives. (Id.) Many of the files on Warner's NCR computer were highly confidential NCR business documents relating to Wachovia and other NCR customers. (PX 66.) The downloaded documents included strategic presentations, customer call plans, bids and proposals, customer presentations, target account lists, pricing costs and margins. (Id.)

On January 2, 2008, Warner gave NCR notice of her resignation. (Id.) On January 11, 2008, Shelley Reed ("Reed"), an NCR in-house attorney, conducted a telephone exit interview with Warner. (Tr. 304-05.) Warner assured Reed that she would not be selling competitive products or services and denied that she would be calling on any of her former financial accounts. (Tr. 307-09.) Reed specifically instructed Warner to return all electronics and hard-copy documents related to NCR that were in her possession. (Tr. 309-17.)

Warner sent her NCR computer to NCR on January 14, 2008. (Verified Compl. ¶ 53.)

NCR then conducted a forensics exam of this computer and learned that Warner had connected the two thumb drives and the external hard drive to the NCR computer. (Id. ¶ 56.) On February 6, 2008, NCR sent Warner a letter detailing the results of its forensic examination and demanding the return of all NCR property. (Tr. 209-15, 297-300; PX 8, 24.)

Warner then returned the hard drive and one thumb drive which was not one of the two thumb drives that had previously been connected to Warner's NCR computer. (Id.) After this Court issued the TRO, Warner returned the two thumb drives that had been connected to her NCR computer along with five boxes of NCR property and sensitive information she had kept in her home office. (Tr. 290-10, 301-02.)

Forensic analysis of the two thumb drives indicates that they had been connected to Warner's HP computer. (Tr. 301-02.) Warner claims that she only accessed one of the files on the two thumb drives but the results of the forensic analysis indicate that most, if not all, of the files on the two thumb drives were accessed while they were in Warner's possession. (Tr. 209-15, 297-399). Warner has not provided her HP computer to NCR for further examination. (Id.)

E. Warner At HP

Warner began working for HP on January 15, 2008, the next day after leaving NCR, as an EAM for HP's Wachovia account. (Tr. 112-113, 280-83, 360; PX 31.) HP believes that there is a significant opportunity to expand its business at Wachovia. (Tr. 333.)

At HP, Warner reports to Judy Coughlin who heads a team responsible for calling on fourteen (14) large, strategic accounts including Wachovia. (Tr. 331-32.) Warner serves as the overall relationship manager for HP at Wachovia and has responsibility for HP's entire Wachovia relationship across the breadth of HP's products and services. (Tr. 237-40, 334, 367,

388-89.) In this position, she is expected to build strong relationships at Wachovia and to promote the sale of all HP products and services to Wachovia. (Id.)

Warner has met with several of her prior contacts at Wachovia since she started working for HP. (Tr. 279-80, 287-89; PX 18.) Those contacts include Symons, Jacobs, Mike Orr and Jim Spicer. (Id.)

F. HP

HP is one of the world's largest information technology companies with revenues approaching \$100 billion. (Tr. 233.) In 2006, HP's sales to Wachovia totaled over \$57 million including \$26 million from HP's Technology Solutions Group ("TSG"). (PX 68.) TSG is one of HP's three major business segments. (Tr. 234-237.) Warner's EAM position is located in this group. (Id. 238, 244.) HP has created a financial services "industry vertical" focus area within the TSG for banks, investment companies, insurance companies and other financial institutions. (Id.)

TSG sells HP products in the following categories: (1) enterprise servers and storage; (2) software; and (3) services. (Tr. 235-36, 330-31.) The enterprise servers and storage category includes both high end and low end servers and storage hardware. (Id.) The software category includes business technology software and business information software. (Id.) The services category includes consulting, break/fix and outsourcing of certain services ancillary to the hardware and software that TSG sells. (Id.)

HP does not manufacture ATMs but provides ATMs to customers through teaming agreements. (Tr. 79-88.) In addition, HP markets check imaging hardware and software to image deposited checks through ATM devices. (Tr. 83-85; PX 30, 68.) HP also markets "Open View," a

software package that is used to monitor and manage ATMs. (PX 32, 62.) HP has sold “Tandem” or “Non-stop” servers to run ATM networks to Wachovia. (Id.)

III. JURISDICTION

This Court has subject matter jurisdiction to grant injunctive relief in an arbitrable dispute pending arbitration, provided that the prerequisites for injunctive relief are satisfied. *Performance Unlimited, Inc. v. Questar Publishers, Inc.*, 52 F.3d 1373, 1380 (6th Cir. 1995). Injunctive relief pending arbitration “is particularly appropriate” where the withholding of injunctive relief would “render the process of arbitration meaningless or a hollow formality because an arbitral award, at the time rendered, could not return the parties substantially to the status quo ante.” *Id.* (citing *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Bradley*, 756 F.2d 1048, 1053 (4th Cir. 1985)).

The question regarding jurisdiction then, is whether the dispute is arbitrable. NCR argues that the dispute is arbitrable because the 2007 Restricted Stock Agreement expressly advised Warner “that if you breach Section 10, NCR will sustain irreparable injury and will not have an adequate remedy at law. As a result, you agree that in the event of your breach of Section 10, NCR may... bring an action... for equitable relief to preserve the status quo pending... completion of an arbitration.” Warner does not argue otherwise. Therefore, this Court has subject matter jurisdiction to, if warranted, grant injunctive relief pending arbitration.

IV. MOTION FOR A PRELIMINARY INJUNCTION PENDING ARBITRATION

The analysis of NCR’s Motion for Preliminary Injunction Pending Arbitration begins with a discussion of the applicability of federal and state law. This discussion is followed by the preliminary injunction standard and an analysis of each of the factors considered when

determining whether to issue a preliminary injunction.

A. Applicable Law

A federal court addressing a motion for a preliminary injunction applies federal procedural law regarding the factors to be considered and applies the applicable state law to determine whether the movant has demonstrated a substantial likelihood of success on the merits. *Certified Restoration Dry Cleaning Network, L.L.C. v. Tenke Corporation*, 511 F.3d 535, 541 (6th Cir. 2007). In this case, NCR argues that the merits of their claims against Warner must be analyzed under the laws of Ohio because the 2007 Restricted Stock Agreement expressly provides that all controversies related to Warner's employment are subject to Ohio law. Warner does not argue otherwise. Therefore, federal procedural law regarding the factors to be considered will be used and Ohio law will be used to determine whether NCR has demonstrated a likelihood of success on the merits.

In reviewing an Ohio claim, this Court must apply the law of Ohio, as interpreted by the Supreme Court of Ohio. *Northland Ins. Co. v. Guardsman Prods. Inc.*, 141 F.3d 612, 617 (6th Cir. 1998). Specifically, this Court must apply the substantive law of Ohio "'in accordance with the then-controlling decision of the highest court of the state.'" *Imperial Hotels Corp. v. Dore*, 257 F.3d 615, 620 (6th Cir. 2001) (quoting *Pedigo v. UNUM Life Ins. Co.*, 145 F.3d 804, 808 (6th Cir. 1998)). Also, to the extent that the highest court in Ohio has not addressed the issue presented, this Court must anticipate how Ohio's highest court would rule. *Id.* (quoting *Bailey Farms, Inc. v. NOR-AM Chem. Co.*, 27 F.3d 188, 191 (6th Cir. 1994)).

B. Preliminary Injunction Standard

A preliminary injunction is an extraordinary remedy. *Stenberg v. Cheker Oil Co.*, 573

F.2d 921, 925 (6th Cir. 1978). Its purpose is to preserve the court's, or in this case the arbitrator's, ability to render a meaningful decision after a trial, or in this case an arbitration, on the merits. This purpose is often furthered by preservation of the status quo, but not always. *Id.* Finally, whenever a preliminary injunction is granted, it should be tailored to restrain no more than what is reasonably required to accomplish its purpose. *Id.* at 924.

To determine whether to grant a preliminary injunction, the Court considers four factors: (1) plaintiff's likelihood of success on the merits; (2) whether plaintiff would incur irreparable injury in the absence of the injunction; (3) whether an injunction would cause substantial harm to others; and (4) whether the public interest would be served. *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 760 (6th Cir. 2005). These four factors are to be balanced and are not prerequisites that must be met in order to obtain a Preliminary Injunction. *Six Clinics Holding Corp. II v. Cafcomp Systems, Inc.*, 119 F.3d 393, 400 (6th Cir. 1997). Nor is any one factor determinative. *Toledo Police Patrolman's Association, Local 10, IUPA AFL-CIO-CLC v. Toledo*, 713 N.E.2d 78, 91 (Ohio Ct. App. 1998).

A district court is required to make specific findings concerning each of the four factors unless fewer factors are dispositive. *Id.* at 399. Further, a movant is not required to prove its case in full at a preliminary injunction hearing and the findings of fact and conclusions of law made regarding a motion for a preliminary injunction are not binding at the trial, or in this case arbitration, on the merits. *Certified Restoration*, 511 F.3d at 542.

C. Likelihood of Success On the Merits

The first factor to be considered is whether NCR has established a likelihood of success on the merits. To establish a likelihood of success on the merits, NCR must demonstrate more

than a mere possibility of success on the merits its claim or claims. *Six Clinics*, 119 F.3d at 402. However, it is sufficient “if the plaintiff has raised questions going to the merits that are so serious, substantial, difficult and doubtful as to make them a fair ground for litigation and thus for more deliberate investigation.” *Id.* Said another way, the party seeking the preliminary injunction must present clear and convincing evidence¹ of each of the elements of the claim or claims. *Crestmont Cadillac Corp. v. General Motors Corp.*, No. 83000, 2004 WL 229127 at *4 (Ohio Ct. App. Feb. 5, 2004).

NCR makes three claims against Warner: misappropriation of trade secrets; violation of the non-compete agreement and violation of the non-solicitation agreement. Each claim will be addressed with regard to whether NCR has a likelihood of success on the merits.

1. Misappropriation of Trade Secrets

NCR first claims that Warner misappropriated sensitive NCR files and documents in violation of the Ohio Uniform Trade Secrets Act (“OUTSA”), Ohio Rev. Code § 1333.61 *et seq.* Under Ohio law, an actual or threatened misappropriation of trade secrets may be enjoined. Ohio Rev. Code § 1333.62. Monetary damages may also be recovered for misappropriation of trade secrets. Ohio Rev. Code § 1333.63.

Misappropriation means disclosure or use of a trade secret without the express or implied consent of the owner of the trade secret. Ohio Rev. Code § 1333.61(B). A trade secret is defined

¹“Clear and convincing evidence is that measure or degree of proof which is more than a mere ‘preponderance of the evidence’ but not to the extent of such certainty as is required ‘beyond a reasonable doubt’ in criminal cases, and which will produce in the mind of the trier of facts a firm belief or conviction as to the facts sought to be established.” *Chicago Title Insurance Corp. v. Magnuson*, 487 F.3d 985, 991 (6th Cir. 2007)(quoting *Estate of Schmidt v. Derenia*, 822 N.E.2d 401 (Ohio Ct. App. 2004)).

as:

information as including the whole or any portion or phase of any scientific or technical information, design process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfies both of the following:

(1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of reasonable efforts under the circumstances to maintain its secrecy.

Ohio Rev. Code § 1333.61. Further, a trade secret does not lose its character as a trade secret if it has been memorized. *Al Minor & Associates, Inc. v. Martin*, 881 N.E.2d 850, 855 (Ohio 2008).

Finally, based upon this definition, courts have found customer retention programs, customer leads, and financial and marketing plans to be trade secrets. *Kemper Mortgage, Inc. v. Russell*, No. 3:06-cv-042, 2006 WL 4968120 (S.D. Ohio May 4, 2006.)

In this case, NCR has presented clear and convincing evidence that Warner downloaded and retained without authorization over 3,000 NCR computer files and approximately five boxes of NCR documents. She then kept those files and documents for two months as an HP employee. She also used her HP computer on February 8, 2008, to access the computer files on two thumb drives.

NCR has also presented clear and convincing evidence that the files and documents taken by Warner contained NCR's highly confidential customer information, pricing points, profit margins, marketing strategies and overall business strategies. For example, Warner downloaded NCR's Wachovia account plan which included NCR's self-analysis of its strengths and weaknesses in the Wachovia account and a Wachovia bid opportunity review. The bid review

included NCR's revenue stream from Wachovia and its expected pricing and revenue from an ATM outsourcing proposal.

Finally, NCR has presented clear and convincing evidence that it took reasonable steps to maintain the confidentiality of its trade secrets. NCR requires its employees to sign confidentiality agreements, uses password protection on NCR computers, enforces password-protected access to the NCR computer network, marks documents as "confidential," and has employees review and click on a confidentiality policy each time they access their NCR computer on the NCR network.

Warner testified that she has not used or disclosed any of NCR's trade secrets and that she has returned all of the NCR materials that were in her possession and about which she is aware. She also agrees not to use or disclose any of NCR's confidential information and to return any additional NCR materials that she may locate in the future. However, the evidence does not support the argument that Warner has returned all of the NCR materials. The evidence indicates that Warner attached two of the thumb drives to her HP computer and the HP computer has not been submitted for inspection.

There is evidence that Warner did knowingly have NCR trade secrets in her possession while employed by HP and there is evidence that she accessed at least some of those files that were in digital form using her HP computer while employed by HP. Further, she has refused to provide her HP computer to NCR for a forensic inspection. There is also evidence that at least some of the NCR trade secrets were not returned to NCR until Warner was ordered by the Court to do so. Finally, files, be they in digital form or "hard copy," are not the only issue because a memorized trade secret does not lose its character as a trade secret. There is evidence that

Warner gained knowledge of NCR's pricing structures and marketing strategies and participated in high level management meetings to discuss new products and sales strategies while at NCR.

Thus, NCR has presented clear and convincing evidence of a likelihood of success on the merits of its claim against Warner for violation of the OUTSA. NCR has presented clear and convincing evidence that Warner misappropriated its trade secrets and that it took reasonable steps to protect those trade secrets.

2. Violation of Non-Compete Agreement

Non-compete agreements prohibit an former employee from working in competition with her or his former employer. *Brentlinger Enterprises v. Curran*, 752 N.E.2d 994, 998 (Ohio Ct. App. 2001)(citing *Frank, Seringer & Chaney, Inc. v. Jesko*, No. 89CA004577, 1989 WL 147951 (Ohio Ct. App. Dec. 6, 1989)). These agreements are, therefore, a restraint of trade and are enforced only to the extent that the restraints imposed are reasonably necessary to protect the employer's legitimate business interests. *Id.* (citing *Raimonde v. Van Vlerah*, 325 N.E.2d 544, 546-48 (Ohio 1975)).

The enforceability of NCR's non-compete agreement is first addressed. This is followed by an analysis of NCR's likelihood of success on the merits of its claim that Warner violated the non-compete agreement.

a. Enforceability of Non-Compete Agreements

Under Ohio law, a non-compete agreement must be reasonable before it can be enforced. *Raimonde*, 325 N.E.2d at 547. A non-compete agreement is reasonable if it is no greater than necessary for the protection of the employer's legitimate business interests; does not impose undue hardship on the employee, and is not injurious to the public. *Id.* A non-compete

agreement which imposes unreasonable restrictions may, however, be enforced to the extent necessary to protect the employer's legitimate interests. *Id.*

The factors that may be considered when determining if a non-compete agreement is reasonable include: the absence or presence of limitations as to time and space, whether the employee represents the sole contact with the customer, whether the employee is possessed with confidential information or trade secrets, whether the agreement seeks to eliminate competition which would be unfair to the employer or merely seeks to eliminate ordinary competition, whether the agreement seeks to stifle the inherent skill and experience of the employee, whether the benefit to the employer is disproportional to the detriment to the employee, whether the agreement operates as a bar to the employee's sole means of support, whether the employee's talent which the employer seeks to suppress was actually developed during the period of employment, and whether the forbidden employment is merely incidental to the main employment. *Raimonde*, 325 N.E.2d at 547. Finally, each case is to be decided on its own facts. *Id.*

I. Analysis of *Raimonde* Factors

In this case, the non-compete agreement provides that Warner, for a period of twelve (12) months after the termination of her employment, "will not, without the prior written consent of the Chief Executive Officer of NCR, (1) render services directly or indirectly to, or become employed by, any Competing Organization (as defined in this Section 10) to the extent that such services or employment involves the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided

by NCR to its customers and upon which [she] worked or in which [she] participated during the last two (2) years of [her] NCR employment... .”

The first *Raimonde* factor is the absence or presence of time and space limitations. The non-compete agreement in this case includes reasonable limitations as to time. Warner is prohibited from providing certain services for a period of twelve (12) months after the termination of her employment. This period is not longer than those held reasonable under Ohio law. *See e.g., Proctor & Gamble Co. v. Stoneham*, 747 N.E.2d 268, 275 (Ohio Ct. App. 2000)(three year prohibition); *Raimonde*, 325 N.E.2d 544 (three year prohibition); *Robert W. Clark M.D. Inc. v. Mount Carmel Health*, 706 N.E.2d 336 (Ohio Ct. App. 1997)(two year prohibition); *Lexis-Nexis v. Beer*, 41 F.Supp.2d 950, 958 (D. Minn. 1999)(one year prohibition); *National Interstate Insurance Co. v. Perro*, 934 F. Supp. 883, 890 (N.D. Ohio 1996)(one year prohibition); *Basicomputer Corp. v. Scott*, 791 F. Supp. 1280, 1298 (N.D. Ohio 1991)(one year prohibition), *aff’d*, 973 F.2d 507 (6th Cir. 1992).

There are no specific “space” limitations in the non-compete agreement. Instead, there are reasonable limitations as to the types of products that may be sold.

The second *Raimonde* factor is whether the employee represents the sole contact with the customer. Whether the employee represents the sole contact with the customer is not relevant to this non-compete agreement because it is based upon the products to be sold and not the customer to whom it is sold. This issue is relevant to the non-solicit agreement discussed later.

The third *Raimonde* factor is whether the employee is possessed with confidential information or trade secrets. As determined above, Warner has possessed NCR trade secrets. Warner claims to have returned all of them and will return any that she finds in the future.

However, there is evidence that Warner may have transferred NCR files to her HP computer. There is also evidence that Warner gained knowledge of NCR confidential information and trade secrets through attendance at meetings and through her sales activities. Therefore, there is evidence that Warner possesses NCR trade secrets.

The fourth *Raimonde* factor is whether the agreement seeks to eliminate competition which would be unfair to the employer or merely seeks to eliminate ordinary competition. The non-compete agreement seeks to eliminate competition which would be unfair to NCR. NCR is entitled to protect the investment that it has made in developing its products and services. The non-compete agreement does not, however, seek to eliminate ordinary competition. Products and services developed by other companies different from those developed by NCR are not prohibited from being sold by Warner, provided the non-solicit agreement is not violated, nor are other companies prevented from selling their products and services to anyone they want.

The fifth *Raimonde* factor is whether the agreement seeks to stifle the inherent skill and experience of the employee. The NCR non-compete agreement does not stifle Warner's inherent skills. Warner is a "highly skilled salesperson" as shown by testamentary evidence and as is asserted in her Post-Hearing Brief. The non-compete agreement does not prevent Warner from using her skills to sell products and services, so long as they are not the types of products and services products developed and sold by NCR and the NCR non-compete agreement only prevents Warner from using her skills to sell the types of products and services developed. Finally, the non-compete limitation only applies for one year.

The sixth *Raimonde* factor is whether the benefit to the employer is disproportional to the detriment to the employee. In this case, the benefit of the non-compete agreement to NCR is not

disproportional to the detriment to Warner. Warner was apparently aware of the terms of the non-compete agreement when she signed it and received some form of compensation in return. Further, as determined above, the non-compete agreement does not prevent Warner from using her sales skills in many types of employment.

The seventh *Raimonde* factor is whether the agreement operates as a bar to the employee's sole means of support. In this case, the NCR non-compete agreement is not bar to Warner's sole means of support. There is no evidence that sales is Warner's sole means of support. If it were, as set forth above, the non-compete agreement does not prevent Warner from using her sales skills in many types of employment.

The eighth *Raimonde* factor is whether the employee's talent which the employer seeks to suppress was actually developed during the period of employment. In this case, extensive evidence on whether Warner's talent which NCR seeks to suppress was actually developed when she was employed at NCR is not presented. However, there is evidence that Warner worked for NCR for nearly twenty (20) years in sales positions with increasing responsibility. Therefore, at a minimum, much, of Warner's sales talent was developed when she was employed at NCR.

The final *Raimonde* factor is whether the forbidden employment is merely incidental to the main employment. In this case, the non-compete agreement does not forbid any employment. It prohibits the sale of the types of products and services that are provided by NCR on which Warner worked for a period of one year. Therefore, the "forbidden" employment is not incidental Warner's "main" employment at NCR.

ii. Necessary for Protection of NCR's Legitimate Business Interests

Based upon the *Raimonde* factors, the non-compete agreement is reasonable. The next

issue is whether the non-compete agreement is greater than necessary for the protection of NCR's legitimate business interests. Preventing the disclosure of the former employer's trade secrets, the use of the former employer's proprietary customer information to solicit the former employer's customers and the loss of a "special, unique or extraordinary" employee are business interests that are sufficient to justify enforcement of a non-compete agreement. *Brentlinger*, 752 N.E.2d at 1001-02. Therefore, NCR has a legitimate business interest in protecting the products and services that it has developed. The non-compete agreement, as determined above, affords reasonable protection to NCR and does not prohibit Warner from exercising her sales skills, provided the non-solicit agreement is not violated. The non-compete agreement is, therefore, not greater than necessary for the protection of NCR's legitimate business interests.

iii. Hardship On Warner

The next issue is whether the non-compete agreement imposes an undue hardship on Warner. Undue hardship is a much greater standard than mere unfairness. *Robert W. Clark*, 706 N.E.2d at 342. Further, undue hardship is determined at the time the non-compete agreement was entered into and not on a post hoc basis. *Id.*

The *Raimonde* test requires more than just some hardship. *Basicomputer*, 791 F. Supp. at 1289. Unduly harsh requires excessive severity. *Id.*

As determined above, Warner was apparently aware of the terms of the non-compete agreement when she signed it and received some form of compensation in return. Further, as determined above, the non-compete agreement does not prevent Warner from using her sales skills in many types of employment. Therefore, the non-compete agreement does not impose an undue hardship on Warner.

Warner argues that enforcing the non-compete agreement would be an undue hardship on her because she has not called on Wachovia in 1½ years. Setting aside evidence that the non-compete agreement specifies two years and there is evidence that Warner was in contact with Wachovia regarding the sale of NCR products within less than 1½ years of her decision to leave NCR, Warner is attempting to combine the non-compete and non-solicit agreements. However, these agreements are separate and are analyzed herein separately.

iv. Injurious To the Public

The final issue regarding enforceability of NCR's non-compete agreement is whether the non-compete agreement is injurious to the public. Although non-compete agreements are generally disfavored, a reasonable non-compete agreement may be enforced. Also, the requirement that a non-compete agreement not be injurious to the public is primarily concerned with the public's interest in promoting fair business competition. *Brentlinger*, 752 N.E.2d at 1004. This requirement is to show only that the enforcement of the non-compete agreement would not harm the public. *Id.* Here, there is no indication enforcement of NCR's non-compete agreement will harm the public while failure to enforce valid agreements could harm the public.

v. Warner's Arguments

Warner argues that the non-compete agreement is not necessary for the protection of NCR's legitimate business interests because NCR and HP do not compete. However, NCR has presented clear and convincing evidence that NCR and HP compete for the sale of servers, software and services, particularly to Wachovia.

Warner also argues that NCR's non-compete agreement is not necessary for the protection of NCR's legitimate business interests because the products Warner is now selling to

Wachovia are different than the products she sold at NCR. Here, she is again attempting to combine the non-compete and non-solicit agreements. If she weren't, this argument still fails because there is evidence that Warner is now responsible for selling products and services to HP that are the same as the types of products and services that Warner sold to Wachovia while an NCR employee.

vi. Enforceability of Non-Compete Agreement

NCR's non-compete agreement is reasonable, it is no greater than necessary for the protection of NCR's legitimate business interest, it does not impose an undue hardship on Warner and it is not injurious to the public. Therefore, NCR's non-compete agreement is enforceable.

b. Analysis of Likelihood of Success On the Merits

Having determined that the non-compete agreement is enforceable, the analysis turns to whether NCR can succeed on its claim that Warner violated the non-compete agreement. To violate the non-compete agreement, Warner must have been involved, while at HP and within one year of leaving NCR, in the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers and upon which Warner worked or in which Warner participated during the last two (2) years of her NCR employment.

NCR identifies three products which are sold by both NCR and HP and were presumably sold or attempted to be sold by NCR to Wachovia while Warner was the NCR person responsible for the Wachovia account. The first product is computer servers. The second product

is software, particularly NCR's Gasper software which competes directly with HP's Open View software. The third product is "services," particularly ATM related outsourcing and check imaging.

TSG, the HP group in which Warner has worked as an EAM for HP's Wachovia account, within one year of her departure from NCR, is involved in the selling of HP servers and storage, software and services. Therefore, NCR has presented clear and convincing evidence of a strong likelihood of success on its claim that Warner breached the non-compete agreement.

3. Violation of Non-Solicitation Agreement

Non-solicit agreements prohibit an former employee from soliciting a former employer's customer. As with non-compete agreements, non-solicit agreements are, therefore, a restraint of trade and are enforced only to the extent that the restraints imposed are reasonably necessary to protect the employer's legitimate business interests. *Brentlinger*, 752 N.E.2d at 998 (citing *Raimonde*, 325 N.E.2d at 546-48).

The enforceability of NCR's non-solicitation agreement is first addressed. This is followed by an analysis of NCR's likelihood of success on the merits of its claim that Warner violated NCR's non-solicitation agreement.

a. Enforceability of Non-Solicitation Agreement

Both federal and Ohio Courts applying Ohio law to non-solicit agreements have used the same legal standards as those set forth by the Ohio Supreme Court for non-compete agreements. *See e.g., UGS Corp. v. Musti*, No. 1:06-cv-084, 2007 U.S. Dist. LEXIS 7440 at *13-14 (S.D. Ohio Feb. 1, 2007); *Basicomputer*, 791 F. Supp. at 1288; *Raimonde*, 325 N.E.2d 544. Therefore, NCR's non-solicit agreement will be analyzed using these same legal standards as set forth by

the Ohio Supreme Court in *Raimonde*. NCR must first show that the non-solicit agreement is reasonable based upon an analysis of the *Raimonde* factors. NCR must then show that the non-solicit agreement is no greater than necessary for the protection of the NCR's legitimate business interests, does not impose undue hardship on Warner, and is not injurious to the public.

i. *Raimonde* Factors

The non-solicit agreement that is at issue is a part of the 2007 Performance Based Restricted Stock Unit Agreement. The non-solicit agreement provides that Warner, for a period of twelve (12) months after the termination of her employment, will not, without the prior written consent of the Chief Executive Officer of NCR, "solicit the business of any firm or company with which [she] worked during the preceding two (2) years while employed by NCR, including customers of NCR...."

The first *Raimonde* factor is the absence or presence of time and space limitations. NCR's non-solicit agreement includes reasonable time limitations. Warner is prohibited from soliciting certain NCR customers for a period of twelve (12) months after the termination of her employment. This restrictive period is not longer than those, referenced above, found to be reasonable under Ohio law. Further, Warner is only prohibited from soliciting NCR customers with which she worked within the two years preceding the termination of her employment. This too is reasonable.

Finally, this non-solicit agreement includes no space limitations. Instead, there is a reasonable limitation as to which customers may not be solicited. The non-solicitation agreement only prevents Warner from calling on customers that she called on during her last two years at NCR. During her last two years at NCR, Warner called on three large banks (Wachovia,

SunTrust and U.S. Bank), approximately 30 smaller banks and one casino.

The second *Raimonde* factor is whether the employee represents the sole contact with the customer. In this case, as an NCR Account Director, Warner was wholly responsible for the day-to-day relationship with Wachovia, Sun Trust and U.S. Bank. While at NCR, she established key relationships with Wachovia employees. In addition, Warner was screened by Wachovia before being employed by HP. Further, there is evidence that Warner's relationship with Wachovia presents the possibility that Wachovia's purchase of hardware and software would depend upon whether Warner was selling that hardware or software. Thus, Warner's relationship with Wachovia while an NCR employee weighs in favor of enforcing NCR's non-solicit agreement.

The third *Raimonde* factor is whether the employee is possessed with confidential information or trade secrets. In this case, as determined above, Warner possessed NCR trade secrets. She claims to have returned all of them and will return any that she finds in the future. There is evidence that Warner may have transferred files located on the two thumb drives to her HP computer and this HP computer has not been examined by NCR. In addition, whether Warner has committed any NCR trade secrets to memory is unknown. Warner possessed information gained from being present at high level meetings and from marketing NCR products to Wachovia and other NCR customers.

The fourth *Raimonde* factor is whether the agreement seeks to eliminate competition which would be unfair to the employer or merely seeks to eliminate ordinary competition. In this case, the non-solicit agreement seeks to eliminate competition that would be unfair to NCR. NCR is entitled to protect the investment that it has made in developing its products and services and in developing its sales force. NCR is also entitled to protect itself from having an employee

that it has trained and that has used NCR's goodwill to develop a customer relationship from taking that customer relationship to a competitor. On the other hand, the non-solicit agreement does not eliminate ordinary competition. It does not prevent HP or any other supplier from selling their products and services to anyone they wish.

The fifth *Raimonde* factor is whether the agreement seeks to stifle the inherent skill and experience of the employee. In this case, as with the non-compete agreement, the non-solicit agreement does not stifle Warner's inherent skills. Warner can continue her employment at HP and simply call on customers other than those she called on in her last two years at NCR until the completion of the one-year restrictive period, provided that she does not violate NCR's non-compete agreement.

The sixth *Raimonde* factor is whether the benefit to the employer is disproportional to the detriment to the employee. In this case, the benefit of the non-compete agreement to NCR is not disproportional to the detriment to Warner. As with the non-compete agreement, Warner was apparently aware of the terms of the non-solicit agreement when she signed it and received some form of compensation in return. Further, as determined above, the non-solicit agreement does not prevent Warner from using her sales skills in many situations, including certain positions at HP that are not violative of the non-compete and non-solicit agreements.

The seventh *Raimonde* factor is whether the agreement operates as a bar to the employee's sole means of support. In this case, the non-solicit agreement is not a bar to Warner's sole means of support. The non-solicit agreement does not prevent her from selling to some HP customers. In fact, the non-solicit agreement only prevents her from calling on about 34 organizations and only for a period of one year after she terminated her employment with NCR,

provided she does not violate the non-solicit agreement.

The eighth *Raimonde* factor is whether the employee's talent which the employer seeks to suppress was actually developed during the period of employment. In this case, as with the analysis of the non-compete agreement, extensive evidence on whether Warner's talent, which NCR seeks to suppress in limited situations for a one-year period, was actually developed while she was employed at NCR is not fully developed. However, there is evidence that Warner worked for NCR for nearly twenty (20) years in sales positions with increasing responsibility. Therefore, at a minimum, much of Warner's sales talent was developed when she was employed by NCR.

The final *Raimonde* factor is whether the forbidden employment is merely incidental to the main employment. As with the non-compete agreement, the non-solicit agreement does not forbid all employment. It only forbids calling on about 34 organizations for a period of one year following Warner's termination of her employment with NCR. Therefore, the "forbidden" employment is not incidental to Warner's "main" employment at NCR.

ii. Necessary for Protection of NCR's Legitimate Business Interests

Based upon an evaluation of the facts of this particular case using the *Raimonde* factors, the non-solicit agreement is reasonable. The next issue is whether the non-solicit agreement is greater than necessary for the protection of NCR's legitimate business interests.

Employers, such as NCR, who rely heavily "upon active sales force and close client contact, have a genuine need to protect their goodwill from potentially voracious former employees." *Basicomputer*, 791 F. Supp. at 1289 (citing *Briggs v. Butler*, 45 N.E.2d 757 (Ohio 1942)); see also *H&R Block Tax Services, Inc. v. Peshel*, 2005 WL 361493 at * 3 (D. Minn Feb.

16, 2005)(a client-based non-solicitation provision is reasonable). Therefore, NCR has a legitimate business interest in protecting the goodwill that has been built up by its sales force from being used by Warner at one of NCR's competitors.

Further, the non-solicitation agreement is not greater than necessary for NCR's protection. The non-solicit agreement only prohibits solicitation of the approximately 34 NCR customers that Warner solicited within the two years prior to her departure and only prohibits solicitation of those customers for one year following Warner's departure from NCR, provided Warner does not violate the non-compete agreement.

iii. Undue Hardship

The next issue is whether the non-solicit agreement imposes an undue hardship on Warner. It does not.

Warner is not entirely prevented from using her sales skills. The non-solicit agreement only limits Warner from using her sales skills on certain of NCR's customers and only for one year after Warner terminated her employment at NCR, provided the non-compete agreement is not violated..

iv. Injurious To the Public

The final issue is whether the non-solicit agreement is injurious to the public. In this case, it is not.

There is no evidence that the restraint deprives Warner of a reasonable opportunity to use her skills and avoid becoming a public charge. There is also no evidence of a shortage of individuals with Warner's skills in the restricted time period. Finally, there is no evidence that the non-solicit agreement wastes public money. As determined above, the non-compete

agreement cannot be said to be an undue hardship on Warner, a member of the public. However, failure to enforce valid employment agreements could harm the public.

v. Warner's Arguments

Warner argues that enforcing the non-solicitation agreement would be an undue hardship on her because she has not called on Wachovia in 1½ years. However, the non-solicitation agreement reasonably prohibits Warner from calling on customers with which she worked within the last two years that she was with NCR only. Also, there is evidence that Warner worked with Wachovia within ten (10) months of when she left NCR.

Warner also argues that the non-solicit agreement imposes an undue hardship because her “inherent relationship building skills... will be stifled as she will be unable to build the necessary rapport with HP's contacts at Wachovia.” However, the non-solicit agreement does not impose an undue hardship upon Warner because she is free to practice her “inherent relationship building skills” in a variety of other circumstances.

Warner also argues that, because HP and NCR do not compete in sales to Wachovia, NCR does not have a legitimate business interest to stop Warner's Employment at HP. However, there is evidence that HP and NCR do compete in several product and service areas. Further, NCR does not seek to stop Warner's employment at HP. NCR seeks only to enjoin employment that is violative of the agreements that Warner entered into while at NCR.

Warner also argues that she is not now selling the same products to Wachovia that she sold to Wachovia while an NCR employee. However, the product being sold is irrelevant to independent non-solicit obligations. *UGS Corp.*, 2007 U.S. Dist. LEXIS 7440 at *27. If it were relevant, this argument would fail because there is evidence described above that Warner is now

responsible for selling some of the same or similar products to Wachovia that she was responsible for selling to Wachovia while at NCR.

Warner also argues that NCR does not have a legitimate business interest in keeping her from selling to Wachovia because she will not be calling on any of her former contacts at Wachovia. However, this argument is unavailing for several reasons. First, Warner has cited no legal basis for this argument. Second, Warner did not hesitate to call on her former contacts at Wachovia to help her obtain employment with HP which is evidence that she may be willing to call on her former contacts in the future. Finally, the basis for a non-solicit agreement is the protection of goodwill and trade secrets, and neither of these purposes would be served by permitting Warner to call on Wachovia with limitations on who she could talk to there.

Warner also argues that any interests that NCR may claim regarding its trade secrets that Warner acquired during her employment is not sufficient to preclude Warner's employment at HP because Warner has returned all of the NCR materials in her possession and has not used or disclosed any confidential NCR information. However, there is evidence that two of the thumb drives that Warner returned had been previously connected to an HP computer. There is also evidence that Warner gained knowledge of NCR's pricing structures and marketing strategies and participated in high level management meetings to discuss new products and sales strategies. Therefore, the NCR materials, having been returned as ordered by the Court, are not the only source of NCR's trade secrets in Warner's possession and the remaining trade secrets, in whatever form they may be, may still be in Warner's possession, including within her memory.

vi. Enforceability

The non-solicitation agreement is reasonable, is no greater than necessary for the

protection of NCR's legitimate business interests, does not impose an undue hardship on Warner and is not injurious to the public. Therefore, NCR's non-solicitation agreement is enforceable as against Warner.

b. Likelihood of Success On the Merits

Having determined that NCR's non-solicitation agreement is enforceable against Warner, the analysis turns to whether NCR can succeed on its claim that Warner violated the non-solicitation agreement. To violate the non-solicitation agreement, Warner must have solicited the business of a company with which she worked during the last two years of her employment at NCR within one year of when she terminated her employment at NCR.

In this case, there is clear and convincing evidence that Warner worked with Wachovia during the last two years of her employment at NCR. There is also clear and convincing evidence that Warner solicited the business of Wachovia while an HP employee and within one year of when she terminated her employment at NCR. Therefore, NCR has presented clear and convincing evidence of a strong likelihood of success on the merits of its claim that Warner breached the non-solicit agreement.

D. Irreparable Injury To NCR Absent an Injunction

The second preliminary injunction factor that must be considered is whether NCR will suffer irreparable injury without an injunction. "A plaintiff's harm from the denial of a preliminary injunction is irreparable if it is not fully compensable by monetary damages." *Certified Restoration*, 511 F.3d at 550 (quoting *Overstreet v. Lexington-Fayette Urban County Government*, 305 F.3d 566, 578 (6th Cir. 2002)). Also, "an injury is not fully compensable by money damages if the nature of the plaintiff's loss would make the damages difficult to

calculate.” *Id.* (quoting *Basicomputer v. Scott*, 973 F.2d 507)(6th Cir. 1992).

For example, the likely interference with customer relationships resulting from the breach of a non-compete agreement is a kind of injury for which monetary damages are difficult to calculate and is likely to cause irreparable harm to the former employer. *Certified Restoration*, 511 F.3d at 550; *Hoover Transportation Services v. Frye*, 77 Fed. Appx. 776, 785 (6th Cir. 2003); *Perceptron, Incorporated v. Sensor Adaptive Machines, Incorporated*, 221 F.3d 913, 921 (6th Cir. 2000)(citing *Basicomputer*, 973 F.2d at 512); *Stoneham*, 747 N.E.2d at 278. The loss of customer goodwill from breach of a non-solicitation agreement is also a kind of injury for which monetary damages are difficult to calculate. *Certified Restoration*, 511 F.3d at 550. Finally, irreparable harm is inherent in cases involving trade secrets. *IDS Life Insurance Co. v. SunAmerica, Inc.*, 958 F. Supp. 1258, 1281 (N.D. Ill. 1997), *aff’d in part, vacated in part*, 136 F.3d 637 (7th Cir. 1998).

The threat of harm is a sufficient basis for granting injunctive relief. *Stoneham*, 747 N.E.2d at 278. Actual harm need not be shown. *Id.* In actions to enforce covenants not to compete, Ohio courts have found that an actual threat of harm exists when an employee possesses knowledge of an employer’s trade secrets and begins working in a position that causes the employee to compete directly with the former employer **or** the product line that the employee formerly supported. *Id.*

In this case, there is a threat of harm to NCR sufficient to support the issuance of an injunction. There is evidence that Warner possessed and may still possess NCR trade secrets. There is also evidence that Warner is violating the enforceable non-compete agreement and that Warner is violating the enforceable non-solicitation agreement.

Warner argues that NCR can point to nothing more than a speculative possibility of an indefinite future injury. However, NCR need only show a threat of harm and this it has done.

E. Substantial Harm To Others

The third factor to be considered is whether the granting of the injunction would cause substantial harm to others. Clearly, the granting of an injunction would not cause substantial harm to Warner. Granting an injunction would not stifle her skill as a sales person because she can use this skill in numerous other capacities and positions. Granting an injunction would only prevent Warner from competing unfairly, benefitting from NCR trade secrets and violating the non-compete and non-solicitation agreements that Warner entered in return for compensation. Likewise, granting an injunction would not unduly harm HP because HP has no greater right to benefit from Warner's actions than Warner does. Finally, there is no evidence that granting an injunction would harm other individuals.

F. Public Interest

The final factor to be considered is whether the public interest would be served by granting the injunction. In this case, there is a general public interest in the enforcement of voluntarily assumed contract obligations. *Certified Restoration*, 511 F.3d at 551; *National Interstate*, 934 F. Supp. at 891. There is also a clear public interest in ensuring that employees honor their obligations to their employers. *H&R Block*, 2005 WL 361493 at * 4. Further, the public has an interest in preventing unfair competition, in preventing commercial piracy and in safeguarding the confidentiality of financial records. *IDS Life*, 958 F. Supp. at 1282. Yet, the public has no interest in destroying contracts, rewarding theft or encouraging unethical business behavior. *Id.* Finally, as evidenced by the existence of the OUTSA, the public has a strong

interest in protecting trade secrets. *See e.g., Avery Dennison Corp. v. Kitsonas*, 118 F. Supp.2d 848, 855 (S.D. Ohio 2000).

G. Conclusion

The non-compete and non-solicitation agreements to which Warner agreed are reasonable and enforceable. Further, NCR has shown a strong likelihood of success on the merits by clear and convincing evidence on its claims against Warner for misappropriation of trade secrets, violation of NCR's non-compete agreement and violation of NCR's non-solicit agreement. NCR has also shown that it will suffer irreparable harm in the absence of an injunction. In addition, NCR has shown that others will not be harmed by an injunction and that the public interest favors issuance of an injunction in this case. Therefore, all four of the factors to be considered favor the issuance of an injunction to prevent the misappropriation of trade secrets and to enjoin violation of NCR's non-compete and non-solicitation agreements. Finally, the issuance of an injunction in this case will only serve to require Warner to do what she has already agreed to do.

VI. ORDER

Following are the terms of the Preliminary Injunction Pending Arbitration:

1. Warner shall not use, publish, or otherwise distribute to any person or entity, other than NCR, any of NCR's confidential information and/or trade secrets,

2. Warner shall return to NCR, to the extent she has such materials, in any form including all electronic storage devices (including disks and diskettes), any materials in her possession, custody or control, which either: 1) were attached to her NCR computer at any time during 2007 or 2008; or which 2) contain any NCR confidential information or trade secrets, including thumb devices or any other external storage device used for

electronically stored information. To the extent Warner has or discovers in the future that she has such materials, she shall immediately deliver such materials to counsel for NCR.

3. To the extent that she has such materials, Warner shall preserve all NCR confidential information or trade secrets in her possession, custody or control, including within any personal computer(s) or other computer(s), personal digital assistant or mobile telephone, including any information stored on backup media,

4. Warner shall preserve all documents in her possession regarding her employment with NCR, the termination of that employment, and/or recruiting by and her employment with HP,

5. Warner shall preserve all e-mails under her control related to her employment with NCR, the termination of that employment, and/or recruiting by and her new employment with HP,

6. Warner shall immediately return to NCR all originals, copies or other reproductions, in any form whatsoever, of any NCR confidential information and/or trade secrets, including but not limited to documents that bear the name or trademarks of NCR, but excluding standard materials distributed widely to employees or groups of employees of NCR, or distributed widely to NCR customers, prospective customers, shareholders, the media, or the public, and not marked as confidential, such as newsletters, benefits summaries, annual and quarterly reports, press released, and publicly-released sales literature that she now has or may discover in her possession. In addition, notwithstanding this paragraph, Warner may keep originals or copies of documents relating to her compensation, benefits, job duties, schedule, hours worked, employee handbooks

distributed to her, and any evaluations of her work at NCR.

7. Warner shall not directly or indirectly recruit, hire, solicit or induce, any exempt employee of NCR who was employed by NCR at any time from January 15, 2007 through January 14, 2008 to terminate his or her employment with or otherwise cease his or her relationship with NCR.

8. Warner is restrained and enjoined for a period of twelve (12) months following the termination of her employment with NCR from working for any Competing Organization, including HP, in any position that involves the development, manufacture, marketing, sale, advertising or servicing of any product, process, system or service which is the same or similar to, or competes with, a product, process, system or service manufactured, sold, serviced or otherwise provided by NCR to its customers and upon which Warner worked or in which she participated during the last two years of her employment at NCR.

11. Warner is restrained from soliciting the business of any firm or company with which she worked, including NCR customers, during the last two years of her employment at NCR for a period of twelve (12) months following the termination of her employment at NCR.

12. Warner may continue her employment with HP, subject to the restrictions contained herein.

The captioned cause is hereby ordered terminated upon the docket records of the United States District Court for the Southern District of Ohio, Western Division at Dayton.

DONE and **ORDERED** in Dayton, Ohio this Twenty-Fourth day of April, 2008.

s/Thomas M. Rose

THOMAS M. ROSE
UNITED STATES DISTRICT JUDGE

Copies furnished to:

Counsel of Record